

AN ACT

ENTITLED, An Act to revise the calculation of state aid to general education, to appropriate money therefor, and to exempt from reversion certain funds appropriated for state aid to education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. There is hereby appropriated from the state general fund, after the transfer of earnings from the education enhancement trust fund created in Article XII, section 6 of the South Dakota Constitution, the sum of three million six thousand nine hundred sixty dollars (\$3,006,960), or so much thereof as may be necessary, to the Department of Education for distribution through the foundation formula in chapter 13-13.

Section 2. That § 13-13-10.1 be amended to read as follows:

13-13-10.1. Terms used in this chapter mean:

- (1) "Average daily membership," the average number of resident and nonresident kindergarten through twelfth grade pupils enrolled in all schools operated by the school district during the previous regular school year, minus average number of pupils for whom the district receives tuition, except pupils described in subdivision (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42 and plus the average number of pupils for whom the district pays tuition;
- (1A) Nonresident students who are in the care and custody of the Department of Social Services, the Unified Judicial System, the Department of Corrections, or other state agencies and are attending a public school may be included in the average daily membership of the receiving district when enrolled in the receiving district. When counting a student who meets these criteria in its general enrollment average daily membership, the receiving district may begin the enrollment on the first day of attendance. The district of residence prior to the custodial transfer may not include

students who meet these criteria in its general enrollment average daily membership after the student ceases to attend school in the resident district;

- (2) "Adjusted average daily membership," calculated as follows:
 - (a) For districts with an average daily membership of two hundred or less, multiply 1.2 times the average daily membership;
 - (b) For districts with an average daily membership of less than six hundred, but greater than two hundred, raise the average daily membership to the 0.8293 power and multiply the result times 2.98;
 - (c) For districts with an average daily membership of six hundred or more, multiply 1.0 times their average daily membership;
- (3) "Index factor," is the annual percentage change in the consumer price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment or three percent, whichever is less;
- (4) "Per student allocation," for school fiscal year 2006 is \$4,237.72. Each school fiscal year thereafter, the per student allocation is the previous fiscal year's per student allocation increased by the index factor;
- (5) "Local need," the per student allocation multiplied by the adjusted average daily membership;
- (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by applying the levies established pursuant to § 10-12-42;
- (7) "General fund balance," the unreserved fund balance of the general fund, less general fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers out of the general fund for the previous school fiscal year;

- (8) "General fund balance percentage," is a school district's general fund balance divided by the school district's total general fund expenditures for the previous school fiscal year, the quotient expressed as a percent;
- (9) "General fund base percentage," is the general fund balance percentage as of June 30, 2000. However, the general fund base percentage can never increase and can never be less than twenty percent;
- (10) "Allowable general fund balance," the fund base percentage multiplied by the district's general fund expenditures in the previous school fiscal year;
- (11) "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5 percentage points;
- (12) "General fund exclusions," revenue a school district has received from the imposition of the excess tax levy pursuant to § 10-12-43; revenue a school district has received from gifts, contributions, grants, or donations; revenue a school district has received under the provisions of §§ 13-6-92 to 13-6-96, inclusive; and any revenue in the general fund set aside for a noninsurable judgment.

Section 3. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as follows:

For fiscal year 2005, any money appropriated for state aid to general education not expended or obligated pursuant to this chapter is not subject to reversion pursuant to § 4-8-19 and shall be reappropriated for state aid to general education for fiscal year 2006.

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I certify that the attached Act
originated in the

HOUSE as Bill No. 1220

Chief Clerk

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Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1220
File No. _____
Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____

for the Governor

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The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,

ss.

Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____

Asst. Secretary of State